
STATE OF INDIANA

DISTRESSED UNIT APPEAL BOARD



ONE NORTH CAPITOL AVENUE, SUITE 900
INDIANAPOLIS, IN 46204
PHONE (317) 234-2273

Distressed Unit Appeal Board Meeting Memorandum

October 10, 2018

Call to Order: A meeting of the Distressed Unit Appeals Board (DUAB or Board) was held on October 10, 2018, at 11:00 a.m. EDT at the Indiana Government Center South Building, Conference Room A, Indianapolis, Indiana. Members of the Board attending the meeting in-person include Micah Vincent, Tracy Brown, Paul Joyce, Rebecca Kubacki, Representative Milo Smith, Representative Vernon Smith and Senator Eric Bassler. Courtney Schaafsma, Executive Director, was also in attendance.

Chairman Vincent called the meeting to order and recognized compliance with the Open Door Law. Chairman Vincent presented the meeting minutes for the August 20, 2018 and September 13, 2018 meetings for approval. Mr. Joyce noted that there was a correction needed in the August 20, 2018 to reflect that Mr. Joyce had presented the minutes for approval at that meeting. Mr. Joyce made a motion to approve the minutes including this amendment. Ms. Kubacki seconded the motion. The Board voted 4-0 to approve the minutes.

Representative Vernon Smith requested that Representative Earl Harris be provided an opportunity to address the Board. Chairman Vincent allowed for this opportunity based on Representative Harris' position as a State representative. Representative Harris discussed a document that he and Representative Vernon Smith had provided to all Board members which was a petition against the closing of Bethune Early Childhood Center at Gary Community School Corporation ("GCSC"). He noted the importance of early childhood education and the importance of the center in the community. Chairman Vincent noted that there is no action currently under consideration or brought to DUAB concerning the closing of Bethune.

Ms. Schaafsma presented the Executive Director's Report. For GCSC, Ms. Schaafsma highlighted a number of different meetings that had been held recently, including a meeting on the sale of properties and academic performance at Bailly Preparatory Academy. She also noted a contract approval for a contract between GCSC and TNTF for professional development and approval of the budget advertisement. Ms. Schaafsma then provided an update on the School Corporation Fiscal and Qualitative Indicators Committee ("Committee"). She noted that the Committee had selected eight proposed indicators and a report had been submitted to the State Budget Committee for review at their October 16 meeting. Representative Milo Smith asked about the ability for a school corporation to come to DUAB for assistance prior to being publicly identified as fiscally distressed. Ms. Schaafsma explained that school corporations and other units could request technical assistance through DUAB. She also then discussed the assessment and correct action plan processes that will be completed based on the indicators. Representative Milo Smith asked about the confidentiality of the process. Ms. Schaafsma noted that so long as a school corporation is actively working with DUAB to address its fiscal concerns, the assessment and corrective action plan process can be completed without public disclosure. Ms. Kubacki asked if the information would be shared with school boards, and Ms. Schaafsma indicated that

school boards would be a part of the process. Representative Vernon Smith asked about input from practitioners on the indicators. Ms. Schaafsma indicated that public comment had been received during a number of Committee meetings as well as receiving written feedback.

Representative Vernon Smith expressed concerns regarding the ability to provide public feedback at GCSC public forums.

Senator Bassler asked for additional clarification on the assessment and corrective action plan processes. Ms. Schaafsma explained that the assessment process would entail a conversation between DUAB and school officials and that, so long as the school corporation is working its corrective action plan, the school corporation would not be placed on the watch list. Mr. Joyce asked about information that would remain confidential, and Ms. Schaafsma explained that only the indicators would be public until a school corporation is placed on the watch list. All other communication would remain non-disclosable. Representative Milo Smith asked about the inclusion of failure to remit employee withholdings as a qualitative indicator and Ms. Schaafsma noted that it could be added.

Chairman Vincent then introduced the next agenda item – approval of the 2019 budget for GCSC. Mr. Leonard Moody, Chief Financial Officer for GCSC, presented the budget and the process through which the budgeted figures were developed. Chairman Vincent noted that local governments will often budget higher than what they expect to come in and then adjust accordingly upon receiving the final certification from the Department of Local Government Finance. Mr. Joyce noted the differences in the fund structure from 2018 to 2019 including the introduction of the education and operations funds. Representative Vernon Smith asked if GCSC had accounted for the collection rate in Gary in their budgeted figures. Mr. Moody noted that the collection rate does not impact the adopted budget but that GCSC considers it internally in projecting revenues. Chairman Vincent explained that property tax caps and collection percentages are applied after budget certification. Representative Vernon Smith asked about the property tax cap extension for Lake County, and Chairman Vincent noted it continued through 2019. Mr. Joyce asked if GCSC was at its maximum levy, and Ms. Schaafsma affirmed.

Mr. Moody then presented the Capital Projects Plan for 2019 for GCSC. Ms. Kubacki asked if the plan identified priority, and Mr. Moody indicated that it is a dynamic list as priorities may change based on changing circumstances. Representative Vernon Smith asked about Forms 1 and 2. Ms. Schaafsma explained how those forms factor into the overall budgeting process.

Mr. Joyce made a motion that DUAB approve the 2019 budget for GCSC. Ms. Kubacki seconded. The Board voted 4-0 to approve the motion.

New business: Chairman Vincent thanked Representative Milo Smith for his service to DUAB and the State of Indiana, as this was his last meeting. Representative Vernon Smith also indicated that it had been a pleasure working with Representative Milo Smith. Representative Milo Smith commented that it had been an honor to serve on DUAB and to work toward better futures for the students in the school corporations that interact with DUAB.

Representative Vernon Smith asked about the Emergency Manager's Monthly Report ("Report") and its correlation with the meeting. Ms. Schaafsma explained that this is a separate report provided by the emergency manager and not necessarily something that will crosswalk to the Board agenda. Representative Vernon Smith asked about the best way to address questions that are raised by the

Report. Chairman Vincent noted that Board members could raise such questions with Ms. Schaafsma. Representative Vernon Smith asked about the art collection and the process through which pieces may be identified for donation. He also asked about the Gary Chamber of Commerce's Thanksgiving basketball tournament, a special education Memorandum of Understanding, Department of Education visits to elementary schools, and the potential relocation of the administration center.

Representative Vernon Smith then expressed concern on the potential closure of Bethune and passed out additional signatures on the petitions provided earlier by Representative Harris. He expressed concerns on the suggestion that preschool could be located within the elementary school buildings including concerns on quality of the education provided and child safety.

Representative Vernon Smith then expressed concern on the ability of citizens of Gary to share their thoughts with DUAB and the emergency management team. He asked that DUAB allow for public comment.

Chairman Vincent addressed the concerns raised on Bethune, noting that DUAB has not yet been asked to consider that issue. He also noted that DUAB and the emergency management team have to make decisions, some of which will be difficult decisions to make. Chairman Vincent then noted that enrollment for this school year was down only 97 students, as compared to years past when enrollment declined 500-plus students a year. Representative Vernon Smith challenged whether the ADM numbers were accurate, and Chairman Vincent affirmatively stood by the accuracy of the figures.

Representative Vernon Smith then expressed concern with Dr. Hinckley and communications he had with her regarding marketing efforts for GCSC. Ms. Kubacki expressed concern with the comments as Dr. Hinckley was not in attendance to provide comments. Chairman Vincent noted that such conversations may be best accomplished through one-on-one conversations with members of the emergency management team.

Adjournment: Chairman Vincent adjourned the meeting at 12:20 p.m.